

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re: ) Chapter 11  
 )  
W.R. GRACE & CO., et al.<sup>1</sup> ) Case No. 01-0 ~~GKF~~  
 ) (Jointly Administered)  
 )  
Debtors.

**SUPPLEMENTAL AFFIDAVIT UNDER 11 U.S.C. 327(e)**

STATE OF New Jersey )  
 ) ss:  
COUNTY OF Essex )

John McGahren, being duly sworn, upon his oath, deposes and says:

1. I am a partner of Latham & Watkins, located at One Newark Center, 16<sup>th</sup> Floor, New Jersey (the "Firm").
2. The Debtors have requested that the Firm provide legal services to the Debtors, and the Firm has consented to provide such services.

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<sup>1</sup> The Debtors consist of the following 62 entities: W.R. Grace & Co. (*f/k/a* Grace Specialty Chemicals, Inc.), W.R. Grace & Co.-Conn., A-1 Bit & Tool Co., Inc., Alewife Boston Ltd., Alewife Land Corporation, Amicon, Inc., CB Biomedical, Inc. (*f/k/a* Circe Biomedical, Inc.), CCHP, Inc., Coalgrace, Inc., Coalgrace II, Inc., Creative Food 'N' Fun Company, Darex Puerto Rico, Inc., Del Taco Restaurants, Inc., Dewey and Almy, LLC (*f/k/a* Dewey and Almy Company), Ecarg, Inc., Five Alewife Boston Ltd., G C Limited Partners I, Inc. (*f/k/a* Grace Cocoa Limited Partners I, Inc.), G C Management, Inc. (*f/k/a* Grace Cocoa Management, Inc.), GEC Management Corporation, GN Holdings, Inc., GPC Thomasville Corp., Gloucester New Communities Company, Inc., Grace A-B Inc., Grace A-B II Inc., Grace Chemical Company of Cuba, Grace Culinary Systems, Inc., Grace Drilling Company, Grace Energy Corporation, Grace Environmental, Inc., Grace Europe, Inc., Grace H-G Inc., Grace H-G II Inc., Grace Hotel Services Corporation, Grace International Holdings, Inc. (*f/k/a* Dearborn International Holdings, Inc.), Grace Offshore Company, Grace PAR Corporation, Grace Petroleum Libya Incorporated, Grace Tarpon Investors, Inc., Grace Ventures Corp., Grace Washington, Inc., W.R. Grace Capital Corporation, W.R. Grace Land Corporation, Gracoal, Inc., Gracoal, Inc., Gracoal II, Inc., Guanica-Caribe Land Development Corporation, Hanover Square Corporation, Homco International, Inc., Kootenai Development Company, L B Realty, Inc., Litigation Management, Inc., (*f/k/a* GHSC Holding, Inc., Grace IVH, Inc., Asbestos Management, Inc.), Monolith Enterprises, Incorporated, Monroe Street, Inc., MRA Holdings Corp. (*f/k/a* Nestor-BNA Holdings Corporation), MRA Intermedco, Inc. (*f/k/a* Nestor-BNA, Inc.), MRA Staffing Systems, Inc. (*f/k/a* British Nursing Association, Inc.), Remedium Group, Inc. (*f/k/a* Environmental Liability Management, Inc., E&C Liquidating Corp., Emerson & Curnin, Inc.), Southern Oil, Resin & Fiberglass, Inc., Water Street Corporation, Axial Basin Ranch Company, CC Partners (*f/k/a* Cross Country Staffing), Hayden-Gulch West Coal Company, H-G Coal Company.

3. The Firm may have performed services in the past and may perform services in the future, in matters unrelated to these Chapter 11 cases, for persons that are parties-in-interest in the Debtors' Chapter 11 cases.

4. As part of its customary practice, the Firm is retained in cases, proceedings and transactions involving many different parties, some of whom may represent or be employed by the Debtors, claimants and parties-in-interest in these Chapter 11 cases. Except as noted in paragraphs 8, 11 and 12, the Firm does not perform services for any such person in connection with these Chapter 11 cases, or have any relationship with any such person, their attorneys or accountants that would be adverse to the Debtors or their estates.

5. Neither I, nor any principal of or professional employed by the Firm, has agreed to share or will share any portion of the compensation to be received from the Debtors with any other person other than the principals and regular employees of the Firm.

6. Neither I, nor any principal of or professional employed by the Firm, insofar as I have been able to ascertain, holds or represents any interest adverse to the Debtors or their estates, except as noted in paragraphs 8 and 11.

7. The Debtors owe the Firm \$10,087.31 for pre-petition services.

8. The Firm is representing Bank of America in connection with a debtor-in possession credit facility to be provided by Bank of America and a syndicate of lenders to W.R. Grace & Co. (the "Bank of America Matter").

9. The Firm has obtained the consent of both Bank of America and W.R. Grace with respect to any actual or potential conflict of interest with respect to its continued representation of the respective parties.

10. In order that the Firm can assure both Bank of America and W.R. Grace that no confidential information belonging to one could be disclosed to or used for the benefit of the other in the matter, the Firm has established an "Ethics Wall." The Ethics Wall will insulate all attorneys and para-professionals involved in the Firm's representation of Bank of America, and their respective secretaries from all attorneys and para-professionals involved in the Firm's representation of W.R. Grace.

11. The Firm is representing Indmar Products Co., Inc., Richard C. Rowe, Donna M. Rowe and Hoffman Products Co., Inc. (collectively, the "Rowe Entities") in connection with a dispute between the Rowe Entities and W.R. Grace & Co.-Conn. involving the enforcement of a Settlement and Indemnity Agreement between the Rowe Entities and W.R. Grace & Co.-Conn. dated as of June 30, 1997 and a letter of credit that was posted to secure the obligations of W.R. Grace & Co.-Conn. thereunder.

12. Additionally, the Firm also represents Ernst & Young LLP in connection with its retention by the Debtors as a professional in this bankruptcy matter. The Firm acts as counsel to Ernst & Young LLP in many bankruptcy matters where Ernst & Young LLP is retained as a professional.

13. The Firm is conducting further inquiries regarding its retention by any creditors of the Debtors, and upon conclusion of that inquiry, or at any time during the period of its employment, if the Firm should discover any facts bearing on the matters described herein, the Firm will supplement the information contained in this Affidavit.

Executed on November 12, 2002.

  
John McGahren  
LATHAM & WATKINS  
One Newark Center 16<sup>th</sup> Floor  
Newark, New Jersey 07101-3174  
(973) 639-7270

Sworn to and subscribed before me  
this 12<sup>th</sup> day of November, 2002

  
Judith A. Christopher

Notary Public

My Commission expires: 9/24/06

JUDITH A. CHRISTOPHER  
NOTARY PUBLIC OF NEW JERSEY  
MY COMMISSION EXPIRES 9/24/2006